RBI has reported that their data base does not generate information as called for.

Black money in FDI

380. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to certain news item that Black money in FDI garb may hit RBI firewall and may escape the regulator radar under RBI's liberalized remittance scheme;

(b) if so, how overseas investment are being allowed by RBI and what are the reasons of its being misused; and

(c) whether any checks are being exercised by Government agency or by the Foreign Investment Promotion Board (FIPB) on entities investing in India through the automatic route?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) A Delhi newspaper carried a news report with the title **"Dark money trail runs into RBI firewall"** on 02 June, 2008. The news report also describes the stipulation by RBI that all commercial banks have to carry out a check on entities investing in India under "Know Your Customer" (KYC) norms. Foreign investments into the country are regulated under Foreign Exchange Management Act, 1999 and FEMA Regulations. Investments coming under approval route are considered by FIPB, which is an inter-ministerial body. Investments coming under automatic route are only reported to RBI *post facto*. However, any violation of the existing FDI policy would amount to a violation of FEMA provisions and, therefore, would be liable for action under FEMA, 1999.

Windfall taxes on oil refineries

381.SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government would agree to impose windfall taxes on oil refineries; and

(b) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir.

(b) Ordinarily, windfall taxes are levied by the Government to extract the full value of natural resources qua owner. However, a refinery is like any other manufacturing unit where the Government is entitled to a share in the profits qua sovereign (by way of tax on profits) and not as qua owner. Therefore, there is no economic justification for imposition of any windfall or excess profit tax on the profits of manufacturing units like refinery.